

CITY OF LARNED, KANSAS

FINANCIAL STATEMENT

For the Year Ended December 31, 2014

CITY OF LARNED, KANSAS

Financial Statement
Regulatory Basis
For the Year Ended December 31, 2014

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENT

City Council
City of Larned, Kansas
Larned, Kansas

Report on the Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of City of Larned, Kansas, as of and for the year ended December 31, 2014 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 C to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 C of the financial statement, the financial statement is prepared by the City of Larned, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 C and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis of Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of City of Larned, Kansas as of December 31, 2014, or changes in financial position and cash flows therefor for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Larned, Kansas as of December 31, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1 C.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditure-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1, and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however they are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1 C. We have not audited or performed any procedures on the schedule 4 information.

Prior Year Comparative

The 2013 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2014 basic financial statement upon which we have rendered an unmodified opinion dated July 31, 2015. The 2013 basic financial statement and our accompanying report are not presented herein, but available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2013 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used into prepare the 2013 basic financial statement. The 2013 comparative information was subjected to the auditing procedures applied in the audit of the 2013 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2013 basic financial statement or to the basic financial statements itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 comparative information is fairly stated in all material respects in relation to the 2013 basic financial statement as a whole, on the basis of accounting described in Note 1 C.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2015, on our consideration of City of Larned, Kansas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Larned, Kansas's internal control over financial reporting and compliance.



Agler & Gaeddert, Chartered
July 31, 2015
Ottawa, Kansas

CITY OF LARNED, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2014

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances
General Fund:		
General Fund	\$ 291,216.00	\$ 145,642.72
Special Purpose Funds:		
Airport Fund	714.38	0.00
Industrial Fund	24,505.78	0.00
Library Fund	35.90	0.00
Special Highway Fund	285,504.43	0.00
Special Parks & Recreation Fund	1,975.43	0.00
911 Fees Fund	109,369.95	0.00
Tourism & Convention Promotion Fund	11,652.52	0.00
D.A.R.E. Project Fund	10,836.78	0.00
Risk Management Reserve Fund	16,893.06	0.00
Equipment Reserve Fund	414,637.68	0.00
Capital Improvement Fund	306,726.31	0.00
Bond and Interest Fund:		
Bond & Interest Fund	201.44	0.00
Capital Projects Funds:		
Improvement Fund-Complex	(223,255.73)	0.00
Cost of Issuance Fund	42,615.22	0.00
Business Funds:		
Electric Fund	812,249.10	1,801.99
Electric Reserve Fund	2,182,683.30	0.00
Water Fund	291,606.36	1,512.49
Water Reserve Fund	331,619.19	0.00
Sewer Fund	109,961.88	0.00
Sewer Reserve Fund	229,531.21	0.00
Solid Waste Fund	16,294.77	0.00
Solid Waste Reserve Fund	5,000.00	0.00
Airport Facility Fund	24,190.61	0.00
Airport Facility Reserve Fund	3,099.15	0.00
Trust Funds:		
Edwards Park Improvement Fund	5,099.57	0.00
Housing Development Fund	28,221.15	0.00
EMT Memorial Fund	8,583.60	0.00
Schnack Cemetery Fund	30,225.67	0.00
Larned Volunteer Fire Department Fund	4,762.67	0.00
Projects Improvement Fund	2,707.66	0.00
Eggleston Bequest Fund	28,769.49	0.00
Schnack Trust Fund	25,000.00	0.00

The notes to the financial statement are an integral part of this statement.

<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
\$ 3,031,856.72	\$ 3,169,273.23	\$ 299,442.21	\$ 45,146.28	\$ 344,588.49
10,243.26	10,635.00	322.64	0.00	322.64
30,753.31	26,500.00	28,759.09	0.00	28,759.09
160,652.10	158,667.00	2,021.00	0.00	2,021.00
107,982.78	0.00	393,487.21	0.00	393,487.21
12,120.39	12,821.50	1,274.32	0.00	1,274.32
46,770.72	61,001.01	95,139.66	38.00	95,177.66
27,241.14	30,640.28	8,253.38	415.00	8,668.38
1,076.18	0.00	11,912.96	0.00	11,912.96
17,345.53	7,991.50	26,247.09	0.00	26,247.09
65,024.39	10,781.00	468,881.07	0.00	468,881.07
467,230.49	337,894.41	436,062.39	34,176.43	470,238.82
276,714.52	195,865.13	81,050.83	0.00	81,050.83
415,848.75	129,408.25	63,184.77	464,819.82	528,004.59
0.00	15,848.75	26,766.47	0.00	26,766.47
4,969,124.51	4,878,544.60	904,631.00	130,095.98	1,034,726.98
218,375.34	20,213.04	2,380,845.60	4,439.88	2,385,285.48
741,441.36	865,714.42	168,845.79	31,270.46	200,116.25
140,433.00	233,033.46	239,018.73	177,946.12	416,964.85
904,173.39	916,983.10	97,152.17	1,662.86	98,815.03
504,741.92	432,629.06	301,644.07	0.00	301,644.07
215,954.88	226,180.37	6,069.28	2,293.22	8,362.50
0.00	0.00	5,000.00	0.00	5,000.00
97,893.85	101,248.43	20,836.03	1,223.90	22,059.93
670,397.00	748,552.94	(75,056.79)	35,000.00	(40,056.79)
5,012.20	0.00	10,111.77	0.00	10,111.77
6.10	0.00	28,227.25	0.00	28,227.25
2,881.10	2,799.96	8,664.74	0.00	8,664.74
126.10	0.00	30,351.77	0.00	30,351.77
3,163.10	1,240.20	6,685.57	0.00	6,685.57
98.37	0.00	2,806.03	0.00	2,806.03
6.10	1,000.00	27,775.59	0.00	27,775.59
0.00	0.00	25,000.00	0.00	25,000.00

CITY OF LARNED, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2014

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances
Trust Funds (Cont'd.):		
Insurance Proceed Fund	44.09	0.00
Jordaan Park Fund	60,901.34	0.00
City Loan Program Fund	957.21	0.00
Pride Committee Fund	0.00	0.00
Total Reporting Entity	<u>\$ 5,495,137.17</u>	<u>\$ 148,957.20</u>
Composition of Cash:		

The notes to the financial statement are an integral part of this statement.

<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
6.10	0.00	50.19	0.00	50.19
59,025.47	82,227.53	37,699.28	0.00	37,699.28
5,413.56	2,255.65	4,115.12	0.00	4,115.12
1,000.00	1,000.00	0.00	0.00	0.00
<u>\$ 13,210,133.73</u>	<u>\$ 12,680,949.82</u>	<u>\$ 6,173,278.28</u>	<u>\$ 928,527.95</u>	<u>\$ 7,101,806.23</u>
Checking Account				\$ 17,892.10
NOW Account				517,378.30
Savings Account				2,905,407.57
Petty Cash				1,800.00
Certificates of Deposit				<u>3,659,328.26</u>
Total Reporting Entity				<u>\$ 7,101,806.23</u>

CITY OF LARNED, KANSAS
NOTES TO FINANCIAL STATEMENT
December 31, 2014

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

City of Larned, Kansas (City) is a municipal corporation governed by an elected eight-member council. This financial statement presents the City of Larned, Kansas (the municipality) and does not include any of its related municipal entities.

B. REGULATORY BASIS FUND TYPES

General fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose fund - used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest fund - used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital project fund - used to account for the debt proceeds and other financial resources to be used for the acquisition or construction of major capital facilities or equipment.

Business fund - funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund, etc.)

Trust fund - funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

C. BASIS OF ACCOUNTING

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has passed a charter ordinance that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

D. CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available. Cash and investments consist of a checking account, interest bearing checking account, savings accounts and certificates of deposit. Earnings from these investments are allocated to designated funds. Cash and investments are stated at cost.

CITY OF LARNED, KANSAS
NOTES TO FINANCIAL STATEMENT
December 31, 2014

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. AD VALOREM TAX REVENUE

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and distributed to the City by January 20. The second half is due May 10 and distributed to the City by June 5. The City Treasurer draws available funds from the County Treasurer at designated times throughout the year.

F. REIMBURSED EXPENSES

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

G. USE OF ESTIMATES

The preparation of the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results may differ from those estimates.

Note 2 - BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments during the year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

CITY OF LARNED, KANSAS
NOTES TO FINANCIAL STATEMENT
December 31, 2014

Note 2 - BUDGETARY INFORMATION (Cont'd.)

Adjustment for Qualifying Budget Credits: Cities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, reimbursements, gifts and donations and receipts authorized by law to be spent as if they were reimbursed expenses.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances.

Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds:

Risk Management Reserve Fund
Equipment Reserve Fund

Capital Improvement Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Note 3 - COMPLIANCE WITH KANSAS STATUTES

Management is aware of no statutory violations for the period covered by the audit.

The Airport Facility Reserve Fund showed a negative ending unencumbered cash balance of \$75,056.79 for the year ending December 31, 2014. K.S.A 10-1116 provides that under certain situations, funds can end the year with a negative unencumbered cash balance and therefore, be exempt from the cash basis law of the State of Kansas. This fund met the criteria under the statutes, and therefore, is not deemed to be in violation of the Kansas cash basis law.

Note 4 - DEPOSITS

K.S.A. 9-1401 established the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the bank to pledge securities for deposits in excess of FDIC Coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

CITY OF LARNED, KANSAS
NOTES TO FINANCIAL STATEMENT
December 31, 2014

Note 4 - DEPOSITS (Cont'd.)

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance, bank guarantee bonds, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All deposits were legally secured at December 31, 2014.

At December 31, 2014 the City's carrying amount of deposits was \$7,101,806.23 and the bank balance was \$7,322,246.58. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$518,613.38 was covered by federal depository insurance, and \$6,803,633.20, was collateralized with securities held by the pledging financial institution's agents in the City's name.

Note 5 - CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with expenditures from inception are as follows

	Project Authorization	Expenditures To Date
Housing Complex	\$ 3,043,000.00	\$ 2,937,065.23

Note 6 - LONG TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2014, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity
General obligation bonds: Series 2013	2.25-3.90%	9/15/2013	\$ 2,500,000.00	9/1/2028
KDHE loans:				
KWPCRF Project No. 1287-01	2.68%	8/23/2007	6,824,461.94	9/1/2028
KPWSLF Project No. 2746	2.42%	1/26/2012	391,004.51	2/1/1933

Changes in long-term liabilities for the City for the year ended December 31, 2014, were as follows:

Issue	Balance Beginning of Year	Additions	Reductions / Payments	Balance End of Year	Interest Paid
General obligation bonds: Series 2013	\$ 2,500,000.00	\$ 0.00	\$ 125,000.00	\$ 2,375,000.00	\$ 70,865.13
KDHE loans:					
KWPCRF Project No. 1287-0	5,314,734.50	0.00	292,138.48	5,022,596.02	127,385.11
KPWSLF Project No. 2746	381,733.47	0.00	15,528.48	366,204.99	7,822.00
Total Indebtedness	<u>\$ 8,196,467.97</u>	<u>\$ 0.00</u>	<u>\$ 432,666.96</u>	<u>\$ 7,763,801.01</u>	<u>\$ 206,072.24</u>

CITY OF LARNED, KANSAS
NOTES TO FINANCIAL STATEMENT
December 31, 2014

Note 6 - LONG TERM DEBT - continued

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

		12/31/2015	12/31/2016	12/31/2017	12/31/2018
PRINCIPAL:					
General obligation bonds		\$ 130,000.00	\$ 135,000.00	\$ 140,000.00	\$ 145,000.00
KDHE loans		<u>315,926.78</u>	<u>324,408.45</u>	<u>333,117.95</u>	<u>342,061.38</u>
TOTAL PRINCIPAL		<u>445,926.78</u>	<u>459,408.45</u>	<u>473,117.95</u>	<u>487,061.38</u>
INTEREST:					
General obligation bonds		70,607.50	67,357.50	63,982.50	60,482.50
KDHE loans		<u>127,737.21</u>	<u>120,066.63</u>	<u>112,189.94</u>	<u>104,101.66</u>
TOTAL INTEREST		<u>198,344.71</u>	<u>187,424.13</u>	<u>176,172.44</u>	<u>164,584.16</u>
TOTAL PRINCIPAL & INTEREST		<u>\$ 644,271.49</u>	<u>\$ 646,832.58</u>	<u>\$ 649,290.39</u>	<u>\$ 651,645.54</u>
	12/31/2019	12/31/2020 - 12/31/2024	12/31/2025 - 12/31/2029	12/31/2030 - 12/31/2034	Total
PRINCIPAL:					
General obligation bonds	\$ 155,000.00	\$ 860,000.00	\$ 810,000.00	\$ 0.00	\$ 2,375,000.00
KDHE loans	<u>351,245.03</u>	<u>1,902,849.22</u>	<u>1,736,869.10</u>	<u>82,323.10</u>	<u>5,388,801.01</u>
TOTAL PRINCIPAL	<u>506,245.03</u>	<u>2,762,849.22</u>	<u>2,546,869.10</u>	<u>82,323.10</u>	<u>7,763,801.01</u>
INTEREST:					
General obligation bonds	56,857.50	223,895.00	76,660.00	0.00	\$ 619,842.50
KDHE loans	<u>95,796.06</u>	<u>346,373.10</u>	<u>105,216.06</u>	<u>3,449.15</u>	<u>1,014,929.81</u>
TOTAL INTEREST	<u>152,653.56</u>	<u>570,268.10</u>	<u>181,876.06</u>	<u>3,449.15</u>	<u>1,634,772.31</u>
	<u>\$ 658,898.59</u>	<u>\$ 3,333,117.32</u>	<u>\$ 2,728,745.16</u>	<u>\$ 85,772.25</u>	<u>\$ 9,398,573.32</u>

Note 7 - INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General	Capital Improvement	K.S.A. 12-1,118	\$ 220,900.00
General	Equipment Reserve	K.S.A. 12-1,117	65,000.00
Electric	General	K.S.A. 12-825d	400,000.00
Electric	Bond & Interest	K.S.A. 12-825d	200,000.00
Electric	Electric Reserve	K.S.A. 12-825d	217,400.00
Water	General	K.S.A. 12-825d	20,000.00
Water	Bond & Interest	K.S.A. 12-825d	75,000.00
Water	Water Reserve	K.S.A. 12-825d	140,433.00
Sewer	Sewer Reserve	K.S.A. 12-825d	375,000.00

CITY OF LARNED, KANSAS
NOTES TO FINANCIAL STATEMENT
December 31, 2014

Note 8 - OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post Employment Benefits . As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. The retiree pays \$600.00 of a family policy and \$300.00 of a single policy and the City is responsible for the balance. During the year ended December 31, 2014, the City paid \$4,350.96 in premiums for the retirees.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage.

Compensated Absences . Employees are entitled to be paid for unused accrued vacation leave when two weeks notice is given in the event of separation for military service, voluntary resignation or in the event of a lay-off because of a reduction in force. No vacation time will be paid in cases where employees are discharged. Maximum accrued vacation time is thirty-six days. The potential liability for unused vacation leave at December 31, 2014 and 2013 is \$197,972.79 and \$160,731.44, respectively, which is a net change of \$37,241.35. Accumulated sick leave is not paid upon separation from employment, except when an employee retires from service of the City. An employee will be paid for accrued sick leave in excess of 750 hours. The potential liability for unused sick leave as of December 31, 2014 and 2013 is \$3,996.91 and \$0.00, respectively, which is a net change of \$3,996.91.

Note 9 - DEFINED BENEFIT PENSION PLAN

Plan description . The City contributes to the Kansas Public Employees Retirement System (KPERS) a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

Net pension liability. The total pension liability for KPERS was determined by actuarial valuation as of December 31, 2013, which was rolled forward to June 30, 2014. As of June 30, 2014 the net pension liability for KPERS was \$8,291,794,910. KPERS has not determined the Municipality's proportionate share of the net pension liability as of December 31, 2014. The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at www.kpers.org or can be obtained as described in the first paragraph above.

Note 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for participating members.

CITY OF LARNED, KANSAS
NOTES TO FINANCIAL STATEMENT
December 31, 2014

Note 10 - RISK MANAGEMENT - continued

The City pays an annual premium to the Kansas Municipal Insurance Trust for its workers compensation insurance coverage. The agreement to participate provides that the Kansas Municipal Trust will be self-sustaining through member premiums and will reinsure through commercial companies for excess claims for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by Kansas Municipal Insurance Trust's management.

The City continues to carry commercial insurance for all other risks of loss, including equipment, property and building coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11 - RELATED PARTY TRANSACTIONS

The City purchased equipment from Straub International, a company for which a Council member is one of the owners. The amount paid during the year was \$29,894.56.

The City purchased parts and supplies from Straub International (Case Credit), a company for which a Council member is one of the owners. The amount paid during the was \$2,118.31.

Note 12 - SUBSEQUENT EVENTS

The City has evaluated events subsequent to year end through July 30, 2015, and does not believe any events have occurred which affect the financial statement as presented.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF LARNED, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>
General Fund:		
General Fund	\$ 3,617,680.00	\$ 0.00
Special Purpose Funds:		
Airport Fund	10,635.00	0.00
Industrial Fund	46,500.00	0.00
Library Fund	162,081.00	0.00
Special Highway Fund	147,000.00	0.00
Special Parks and Recreation Fund	13,647.00	0.00
911 Fees Fund	133,968.00	0.00
Tourism and Convention Promotion Fund	47,643.00	0.00
D.A.R.E. Project Fund	9,700.00	0.00
Bond and Interest Funds:		
Bond and Interest Fund	275,587.00	0.00
Business Funds:		
Electric Fund	5,066,947.00	0.00
Water Fund	1,033,914.00	0.00
Sewer Fund	937,750.00	0.00
Solid Waste Fund	246,130.00	0.00
Airport Facility Fund	144,000.00	0.00

See Independent Auditor's Report.

Schedule 1

<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
\$ 3,617,680.00	\$ 3,169,273.23	\$ (448,406.77)
10,635.00	10,635.00	0.00
46,500.00	26,500.00	(20,000.00)
162,081.00	158,667.00	(3,414.00)
147,000.00	0.00	(147,000.00)
13,647.00	12,821.50	(825.50)
133,968.00	61,001.01	(72,966.99)
47,643.00	30,640.28	(17,002.72)
9,700.00	0.00	(9,700.00)
275,587.00	195,865.13	(79,721.87)
5,066,947.00	4,878,544.60	(188,402.40)
1,033,914.00	865,714.42	(168,199.58)
937,750.00	916,983.10	(20,766.90)
246,130.00	226,180.37	(19,949.63)
144,000.00	101,248.43	(42,751.57)

See Independent Auditor's Report.

CITY OF LARNED, KANSAS
GENERAL FUNDS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts:				
Ad Valorem Property Tax	\$ 835,888.29	\$ 833,657.52	\$ 880,017.00	\$ (46,359.48)
Delinquent Tax	26,563.37	30,335.00	35,000.00	(4,665.00)
Motor Vehicle / 16-20M Tax	178,705.49	183,754.15	177,245.00	6,509.15
Recreational Vehicle Tax	1,628.84	1,605.99	1,620.00	(14.01)
Sales Tax	556,757.19	565,207.55	550,000.00	15,207.55
Franchise Tax	175,480.72	172,366.38	150,000.00	22,366.38
Highway Connecting Links	27,371.14	27,390.00	27,390.00	0.00
Alcoholic Liquor Tax	5,563.56	5,108.20	4,873.00	235.20
Pilot	0.00	1,635.00	10,000.00	(8,365.00)
Licenses and Permits	18,507.23	22,831.33	15,000.00	7,831.33
Zoning Fees	525.00	1,275.00	500.00	775.00
Municipal Court Fees	16,013.01	33,442.34	15,500.00	17,942.34
Ambulance Fees and Subsidy	459,453.88	447,790.45	514,000.00	(66,209.55)
Cemetery Lots	18,335.00	29,430.00	23,000.00	6,430.00
Fire Services	52,700.00	47,088.00	40,444.00	6,644.00
Maps, Copies, etc.	677.89	532.65	800.00	(267.35)
Police Services	117,290.33	115,753.79	122,000.00	(6,246.21)
Community Center Receipts	387.50	0.00	3,000.00	(3,000.00)
USD 495 Payment	23,690.00	23,690.00	23,690.00	0.00
Weed Cutting	1,855.00	2,876.15	1,000.00	1,876.15
Swimming Pool Receipts	16,156.15	8,733.77	15,000.00	(6,266.23)
Animal Shelter Fees	4,670.00	3,040.00	2,500.00	540.00
Rents	9,213.00	13,732.10	35,000.00	(21,267.90)
Reimbursements	26,173.03	11,618.86	25,000.00	(13,381.14)
Federal Aid	8,963.37	5,550.00	0.00	5,550.00
State Aid	25,520.12	0.00	0.00	0.00
Employee Medical Reimbursement	3,300.00	3,600.00	3,600.00	0.00
Donations	1,395.00	1,320.00	500.00	820.00
Sale of Assets	7,435.25	413.45	1,000.00	(586.55)
Interest on Idle Funds	4,802.71	15,953.72	2,000.00	13,953.72
Miscellaneous	1,831.00	2,125.32	1,650.00	475.32
Operating Transfers:				
From Electric	400,000.00	400,000.00	400,000.00	0.00
From Water	20,000.00	20,000.00	20,000.00	0.00
From Sewer	20,000.00	0.00	25,000.00	(25,000.00)
Total Receipts	<u>3,066,853.07</u>	<u>3,031,856.72</u>	<u>\$ 3,126,329.00</u>	<u>\$ (94,472.28)</u>

See Independent Auditor's Report.

CITY OF LARNED, KANSAS

GENERAL FUNDS

GENERAL FUND (Cont'd.)

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures				
Emergency Medical Services:				
Personal Services	384,687.97	547,722.55	558,950.00	(11,227.45)
Contractual Services	59,270.42	49,045.37	32,727.00	16,318.37
Commodities	51,198.34	56,707.67	59,400.00	(2,692.33)
Capital Outlay	2,441.98	2,414.17	1,500.00	914.17
Cemetery:				
Personal Services	87,292.97	55,521.75	121,400.00	(65,878.25)
Contractual Services	3,411.31	4,532.26	8,590.00	(4,057.74)
Commodities	8,340.73	15,841.65	23,200.00	(7,358.35)
Capital Outlay	2,582.11	399.99	600.00	(200.01)
Fire Department:				
Personal Services	33,892.18	33,548.91	40,700.00	(7,151.09)
Contractual Services	14,430.36	16,166.82	20,100.00	(3,933.18)
Commodities	26,905.79	17,243.92	23,000.00	(5,756.08)
Capital Outlay	10,319.75	15,063.79	8,000.00	7,063.79
Administration:				
Personal Services	115,658.56	98,424.62	159,000.00	(60,575.38)
Contractual Services	90,983.47	88,460.27	56,000.00	32,460.27
Commodities	27,040.71	23,322.66	17,600.00	5,722.66
Capital Outlay	4,022.12	9,998.88	26,500.00	(16,501.12)
Parks:				
Personal Services	92,341.55	109,753.87	67,420.00	42,333.87
Contractual Services	29,300.41	39,513.08	25,500.00	14,013.08
Commodities	34,261.38	32,040.42	52,700.00	(20,659.58)
Capital Outlay	1,546.48	1,763.80	7,000.00	(5,236.20)
Dispatch:				
Personal Services	236,661.05	245,387.35	326,620.00	(81,232.65)
Contractual Services	7,812.00	5,334.77	8,300.00	(2,965.23)
Commodities	3,927.46	3,980.75	4,050.00	(69.25)
Capital Outlay	180.00	440.00	11,000.00	(10,560.00)
Police Department:				
Personal Services	615,206.56	553,520.20	640,000.00	(86,479.80)
Contractual Services	34,161.01	31,690.95	40,000.00	(8,309.05)
Commodities	59,211.84	56,780.67	65,000.00	(8,219.33)
Capital Outlay	81,224.97	45,353.98	26,000.00	19,353.98
Public Buildings:				
Personal Services	35,790.30	39,280.51	47,075.00	(7,794.49)
Contractual Services	63,788.47	67,730.03	66,247.00	1,483.03
Commodities	8,980.03	5,675.83	12,500.00	(6,824.17)
Capital Outlay	19,442.98	0.00	25,000.00	(25,000.00)

See Independent Auditor's Report.

CITY OF LARNED, KANSAS

GENERAL FUNDS

GENERAL FUND (Cont'd.)

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures (Cont'd.)				
Street Department:				
Personal Services	310,953.63	270,747.92	437,700.00	(166,952.08)
Contractual Services	23,293.37	32,185.20	30,730.00	1,455.20
Commodities	244,478.83	169,682.28	153,200.00	16,482.28
Capital Outlay	46,561.95	6,300.55	42,000.00	(35,699.45)
Street Lighting:				
Contractual Services	540.00	540.00	600.00	(60.00)
Commodities	0.00	905.00	1,000.00	(95.00)
Swimming Pool:				
Personal Services	54,108.73	55,438.05	58,750.00	(3,311.95)
Contractual Services	12,470.62	9,865.50	7,400.00	2,465.50
Commodities	17,904.30	19,544.02	20,950.00	(1,405.98)
Capital Outlay	7,756.61	150.00	10,000.00	(9,850.00)
Municipal Court:				
Personal Services	13,651.54	14,779.22	23,800.00	(9,020.78)
Contractual Services	3,766.79	11,233.90	4,000.00	7,233.90
Commodities	25.00	574.85	800.00	(225.15)
Capital Outlay	0.00	2,843.69	800.00	2,043.69
Building Inspection:				
Contractual Services	1,412.09	11,206.83	6,700.00	4,506.83
Commodities	5,633.43	4,714.73	2,500.00	2,214.73
Capital Outlay	1,000.00	0.00	2,000.00	(2,000.00)
Non Operating:				
Capital Outlay	0.00	0.00	180,000.00	(180,000.00)
Operating Transfers:				
To Equipment Reserve	145,000.00	65,000.00	10,000.00	55,000.00
To Capital Improvement	205,000.00	220,900.00	20,900.00	200,000.00
Neighborhood Revitalization Rebate			22,171.00	(22,171.00)
Total Expenditures	<u>3,339,872.15</u>	<u>3,169,273.23</u>	<u>\$ 3,617,680.00</u>	<u>\$ (448,406.77)</u>
Receipts Over (Under) Expenditures	(273,019.08)	(137,416.51)		
Unencumbered Cash, Beginning	558,689.08	291,216.00		
Prior Year Cancelled Encumbrances	<u>5,546.00</u>	<u>145,642.72</u>		
Unencumbered Cash, Ending	<u>\$ 291,216.00</u>	<u>\$ 299,442.21</u>		

See Independent Auditor's Report.

CITY OF LARNED, KANSAS
SPECIAL PURPOSE FUNDS
AIRPORT FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year	Current Year		Variance
	Actual	Actual	Budget	Over (Under)
Receipts				
Taxes and Shared Receipts:				
Ad Valorem Property Tax	\$ 7,797.73	\$ 8,218.65	\$ 8,665.00	\$ (446.35)
Delinquent Tax	249.54	285.67	0.00	285.67
Motor Vehicle / 16-20M Tax	1,693.24	1,723.91	1,651.00	72.91
Recreational Vehicle Tax	15.49	15.03	15.00	0.03
Total Receipts	<u>9,756.00</u>	<u>10,243.26</u>	<u>\$ 10,331.00</u>	<u>\$ (87.74)</u>
Expenditures				
Appropriation	9,670.67	10,635.00	10,417.00	218.00
Neighborhood Revitalization Rebate			218.00	(218.00)
Total Expenditures	<u>9,670.67</u>	<u>10,635.00</u>	<u>\$ 10,635.00</u>	<u>\$ 0.00</u>
Receipts Over (Under) Expenditures	85.33	(391.74)		
Unencumbered Cash, Beginning	<u>629.05</u>	<u>714.38</u>		
Unencumbered Cash, Ending	<u>\$ 714.38</u>	<u>\$ 322.64</u>		

See Independent Auditor's Report.

CITY OF LARNED, KANSAS
SPECIAL PURPOSE FUNDS
INDUSTRIAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts:				
Ad Valorem Property Tax	\$ 24,563.00	\$ 24,443.32	\$ 25,797.00	\$ (1,353.68)
Delinquent Tax	798.58	891.52	0.00	891.52
Motor Vehicle / 16-20M Tax	5,077.84	5,365.34	5,207.00	158.34
Recreational Vehicle Tax	46.46	47.03	48.00	(0.97)
Interest on Idle Funds	35.45	6.10	0.00	6.10
Total Receipts	<u>30,521.33</u>	<u>30,753.31</u>	<u>\$ 31,052.00</u>	<u>\$ (298.69)</u>
Expenditures				
Personal Services	0.00	0.00	5,000.00	(5,000.00)
Contractual Services	26,500.00	26,500.00	40,850.00	(14,350.00)
Neighborhood Revitalization Rebate			650.00	(650.00)
Total Expenditures	<u>26,500.00</u>	<u>26,500.00</u>	<u>\$ 46,500.00</u>	<u>\$ (20,000.00)</u>
Receipts Over (Under) Expenditures	4,021.33	4,253.31		
Unencumbered Cash, Beginning	<u>20,484.45</u>	<u>24,505.78</u>		
Unencumbered Cash, Ending	<u>\$ 24,505.78</u>	<u>\$ 28,759.09</u>		

CITY OF LARNED, KANSAS
SPECIAL PURPOSE FUNDS
LIBRARY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts:				
Ad Valorem Property Tax	\$ 124,654.95	\$ 128,276.06	\$ 135,406.00	\$ (7,129.94)
Delinquent Tax	3,988.78	4,559.14	0.00	4,559.14
Motor Vehicle / 16-20M Tax	27,074.17	27,564.39	26,433.00	1,131.39
Recreational Vehicle Tax	247.78	240.31	242.00	(1.69)
Interest on Idle Funds	70.92	12.20	0.00	12.20
Total Receipts	<u>156,036.60</u>	<u>160,652.10</u>	<u>\$ 162,081.00</u>	<u>\$ (1,428.90)</u>
Expenditures				
Appropriation	156,767.03	158,667.00	158,667.00	0.00
Neighborhood Revitalization Rebate			3,414.00	(3,414.00)
Total Expenditures	<u>156,767.03</u>	<u>158,667.00</u>	<u>\$ 162,081.00</u>	<u>\$ (3,414.00)</u>
Receipts Over (Under) Expenditures	(730.43)	1,985.10		
Unencumbered Cash, Beginning	<u>766.33</u>	<u>35.90</u>		
Unencumbered Cash, Ending	<u>\$ 35.90</u>	<u>\$ 2,021.00</u>		

CITY OF LARNED, KANSAS
SPECIAL PURPOSE FUNDS
SPECIAL HIGHWAY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts:				
Highway Gas Tax	\$ 102,062.02	\$ 104,437.84	\$ 106,290.00	\$ (1,852.16)
Special Assessments	2,016.45	3,496.18	1,000.00	2,496.18
Interest on Idle Funds	283.64	48.76	0.00	48.76
Total Receipts	<u>104,362.11</u>	<u>107,982.78</u>	<u>\$ 107,290.00</u>	<u>\$ 692.78</u>
Expenditures				
Commodities	18,000.00	0.00	12,000.00	(12,000.00)
Capital Outlay	0.00	0.00	135,000.00	(135,000.00)
Total Expenditures	<u>18,000.00</u>	<u>0.00</u>	<u>\$ 147,000.00</u>	<u>\$ (147,000.00)</u>
Receipts Over (Under) Expenditures	86,362.11	107,982.78		
Unencumbered Cash, Beginning	56,142.32	285,504.43		
Prior Year Cancelled Encumbrances	<u>143,000.00</u>	<u>0.00</u>		
Unencumbered Cash, Ending	<u>\$ 285,504.43</u>	<u>\$ 393,487.21</u>		

CITY OF LARNED, KANSAS
SPECIAL PURPOSE FUNDS
SPECIAL PARKS & RECREATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts:				
Alcoholic Liquor Tax	\$ 5,563.55	\$ 5,108.19	\$ 4,873.00	\$ 235.19
Reimbursements	7,000.00	7,000.00	7,000.00	0.00
Interest on Idle Funds	70.92	12.20	0.00	12.20
Total Receipts	<u>12,634.47</u>	<u>12,120.39</u>	<u>\$ 11,873.00</u>	<u>\$ 247.39</u>
Expenditures				
Contractual Services	821.50	821.50	882.00	(60.50)
Commodities	7,000.00	7,000.00	7,765.00	(765.00)
Appropriation	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>	<u>0.00</u>
Total Expenditures	<u>12,821.50</u>	<u>12,821.50</u>	<u>\$ 13,647.00</u>	<u>\$ (825.50)</u>
Receipts Over (Under) Expenditures	(187.03)	(701.11)		
Unencumbered Cash, Beginning	<u>2,162.46</u>	<u>1,975.43</u>		
Unencumbered Cash, Ending	<u>\$ 1,975.43</u>	<u>\$ 1,274.32</u>		

See Independent Auditor's Report.

CITY OF LARNED, KANSAS
SPECIAL PURPOSE FUNDS
911 FEES FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts:				
911 Fees	\$ 49,945.41	\$ 46,746.33	\$ 48,000.00	\$ (1,253.67)
Interest on Idle Funds	141.85	24.39	0.00	24.39
Miscellaneous	36.62	0.00	0.00	0.00
Total Receipts	<u>50,123.88</u>	<u>46,770.72</u>	<u>\$ 48,000.00</u>	<u>\$ (1,229.28)</u>
Expenditures				
Contractual Services	24,234.81	22,691.59	30,000.00	(7,308.41)
Commodities	2,311.66	0.00	30,000.00	(30,000.00)
Capital Outlay	0.00	38,309.42	73,968.00	(35,658.58)
Total Expenditures	<u>26,546.47</u>	<u>61,001.01</u>	<u>\$ 133,968.00</u>	<u>\$ (72,966.99)</u>
Receipts Over (Under) Expenditures	23,577.41	(14,230.29)		
Unencumbered Cash, Beginning	<u>85,792.54</u>	<u>109,369.95</u>		
Unencumbered Cash, Ending	<u>\$ 109,369.95</u>	<u>\$ 95,139.66</u>		

See Independent Auditor's Report.

CITY OF LARNED, KANSAS
SPECIAL PURPOSE FUNDS
TOURISM & CONVENTION PROMOTION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts:				
Transient Gas Tax	\$ 25,476.92	\$ 25,858.94	\$ 33,000.00	\$ (7,141.06)
Reimbursements	1,065.58	1,370.00	500.00	870.00
Interest on Idle Funds	70.92	12.20	0.00	12.20
Total Receipts	<u>26,613.42</u>	<u>27,241.14</u>	<u>\$ 33,500.00</u>	<u>\$ (6,258.86)</u>
Expenditures				
Contractual Services	39,747.51	29,555.78	38,643.00	(9,087.22)
Commodities	2,856.23	1,084.50	6,000.00	(4,915.50)
Capital Outlay	0.00	0.00	3,000.00	(3,000.00)
Total Expenditures	<u>42,603.74</u>	<u>30,640.28</u>	<u>\$ 47,643.00</u>	<u>\$ (17,002.72)</u>
Receipts Over (Under) Expenditures	(15,990.32)	(3,399.14)		
Unencumbered Cash, Beginning	<u>27,642.84</u>	<u>11,652.52</u>		
Unencumbered Cash, Ending	<u>\$ 11,652.52</u>	<u>\$ 8,253.38</u>		

CITY OF LARNED, KANSAS
SPECIAL PURPOSE FUNDS
D.A.R.E. PROJECT FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Administrative	\$ 498.00	\$ 6.10	\$ 0.00	\$ 6.10
Interest on Idle Funds	35.45	1,070.08	0.00	1,070.08
Total Receipts	533.45	1,076.18	\$ 0.00	\$ 1,076.18
Expenditures				
Personal Services	0.00	0.00	1,000.00	(1,000.00)
Contractual Services	0.00	0.00	3,000.00	(3,000.00)
Commodities	0.00	0.00	2,000.00	(2,000.00)
Capital Outlay	0.00	0.00	3,700.00	(3,700.00)
Total Expenditures	0.00	0.00	\$ 9,700.00	\$ (9,700.00)
Receipts Over (Under) Expenditures	533.45	1,076.18		
Unencumbered Cash, Beginning	10,303.33	10,836.78		
Unencumbered Cash, Ending	\$ 10,836.78	\$ 11,912.96		

See Independent Auditor's Report.

CITY OF LARNED, KANSAS
SPECIAL PURPOSE FUNDS
RISK MANAGEMENT RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Administrative	\$ 19,485.96	\$ 13,829.36
Reimbursements	0.00	3,503.97
Interest on Idle Funds	<u>70.92</u>	<u>12.20</u>
Total Receipts	<u>19,556.88</u>	<u>17,345.53</u>
Expenditures		
Contractual Services	17,266.25	7,541.50
Commodities	<u>0.00</u>	<u>450.00</u>
Total Expenditures	<u>17,266.25</u>	<u>7,991.50</u>
Receipts Over (Under) Expenditures	2,290.63	9,354.03
Unencumbered Cash, Beginning	<u>14,602.43</u>	<u>16,893.06</u>
Unencumbered Cash, Ending	<u>\$ 16,893.06</u>	<u>\$ 26,247.09</u>

CITY OF LARNED, KANSAS
SPECIAL PURPOSE FUNDS
EQUIPMENT RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Interest on Idle Funds	\$ 141.84	\$ 24.39
Operating Transfers:		
From General	<u>145,000.00</u>	<u>65,000.00</u>
Total Receipts	<u>145,141.84</u>	<u>65,024.39</u>
Expenditures		
Capital Outlay	<u>0.00</u>	<u>10,781.00</u>
Total Expenditures	<u>0.00</u>	<u>10,781.00</u>
Receipts Over (Under) Expenditures	145,141.84	54,243.39
Unencumbered Cash, Beginning	<u>269,495.84</u>	<u>414,637.68</u>
Unencumbered Cash, Ending	<u>\$ 414,637.68</u>	<u>\$ 468,881.07</u>

CITY OF LARNED, KANSAS
SPECIAL PURPOSE FUNDS
CAPITAL IMPROVEMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Reimbursements	\$ 11,030.00	\$ 215,530.00
Rents & Royalties	0.00	770.00
State Aid	0.00	30,000.00
Federal Aid	145,996.00	0.00
Interest on Idle Funds	177.31	30.49
Operating Transfers:		
From General	<u>205,000.00</u>	<u>220,900.00</u>
Total Receipts	<u>362,203.31</u>	<u>467,230.49</u>
Expenditures		
Contractual Services	8,150.90	0.00
Commodities	7,946.00	5,708.00
Capital Outlay	<u>628,555.12</u>	<u>332,186.41</u>
Total Expenditures	<u>644,652.02</u>	<u>337,894.41</u>
Receipts Over (Under) Expenditures	(282,448.71)	129,336.08
Unencumbered Cash, Beginning	462,925.02	306,726.31
Prior Year Cancelled Encumbrances	<u>126,250.00</u>	<u>0.00</u>
Unencumbered Cash, Ending	<u>\$ 306,726.31</u>	<u>\$ 436,062.39</u>

CITY OF LARNED, KANSAS
 BOND & INTEREST FUNDS
 BOND & INTEREST FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2014
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts:				
Ad Valorem Property Tax	\$ 0.00	\$ 74.09	\$ 0.00	\$ 74.09
Delinquent Tax	346.65	240.55	0.00	240.55
Motor Vehicle / 16-20M Tax	3,876.81	1,368.61	0.00	1,368.61
Recreational Vehicle Tax	42.54	6.88	0.00	6.88
LSH Payment	34,622.28	0.00	0.00	0.00
Interest on Idle Funds	141.84	24.39	0.00	24.39
Accrued Interest on Bond Proceeds	614.44	0.00	0.00	0.00
Operating Transfers:				
From Electric	96,187.00	200,000.00	200,000.00	0.00
From Water	14,088.00	75,000.00	75,000.00	0.00
From Airport Facility Reserve	8,300.00	0.00	0.00	0.00
Total Receipts	<u>158,219.56</u>	<u>276,714.52</u>	<u>\$ 275,000.00</u>	<u>\$ 1,714.52</u>
Expenditures				
Bond Principal	175,000.00	125,000.00	173,750.00	(48,750.00)
Bond Interest	6,562.50	70,865.13	97,500.00	(26,634.87)
Bond Fees	2.50	0.00	10.00	(10.00)
Cash Basis Reserve			4,327.00	(4,327.00)
Total Expenditures	<u>181,565.00</u>	<u>195,865.13</u>	<u>\$ 275,587.00</u>	<u>\$ (79,721.87)</u>
Receipts Over (Under) Expenditures	<u>(23,345.44)</u>	<u>80,849.39</u>		
Unencumbered Cash, Beginning	<u>23,546.88</u>	<u>201.44</u>		
Unencumbered Cash, Ending	<u>\$ 201.44</u>	<u>\$ 81,050.83</u>		

CITY OF LARNED, KANSAS
CAPITAL PROJECTS
IMPROVEMENT FUND-COMPLEX
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Bond Proceeds	\$ 2,457,250.00	\$ 0.00
Administrative	0.00	400,000.00
Reimbursements	<u>0.00</u>	<u>15,848.75</u>
Total Receipts	<u>2,457,250.00</u>	<u>415,848.75</u>
Expenditures		
Contractual Services	21,369.44	688.00
Engineering Services	59,993.05	36,785.87
Construction Cost	<u>2,599,143.24</u>	<u>91,934.38</u>
Total Expenditures	<u>2,680,505.73</u>	<u>129,408.25</u>
Receipts Over (Under) Expenditures	(223,255.73)	286,440.50
Unencumbered Cash, Beginning	<u>0.00</u>	<u>(223,255.73)</u>
Unencumbered Cash, Ending	<u>\$ (223,255.73)</u>	<u>\$ 63,184.77</u>

CITY OF LARNED, KANSAS
CAPITAL PROJECTS
COST OF ISSUANCE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Bond Proceeds	\$ 42,750.00	\$ 0.00
Total Receipts	<u>42,750.00</u>	<u>0.00</u>
Expenditures		
Contractual Services	<u>134.78</u>	<u>15,848.75</u>
Total Expenditures	<u>134.78</u>	<u>15,848.75</u>
Receipts Over (Under) Expenditures	42,615.22	(15,848.75)
Unencumbered Cash, Beginning	<u>0.00</u>	<u>42,615.22</u>
Unencumbered Cash, Ending	<u>\$ 42,615.22</u>	<u>\$ 26,766.47</u>

CITY OF LARNED, KANSAS

BUSINESS FUNDS

ELECTRIC FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Utility Revenue	\$ 3,323,360.37	\$ 3,805,767.98	\$ 3,361,115.00	\$ 444,652.98
Fuel Cost Adjustment	750,271.92	985,786.61	741,000.00	244,786.61
Sales Tax Collected	137,915.75	150,775.26	140,000.00	10,775.26
Meter Checks	190.00	555.00	400.00	155.00
Meter Deposits	30,475.33	11,689.08	23,000.00	(11,310.92)
Sale of Assets	5,117.76	0.00	1,500.00	(1,500.00)
Reimbursements	1,323.12	14,062.91	5,000.00	9,062.91
Interest on Idle Funds	2,836.51	487.67	3,500.00	(3,012.33)
Total Receipts	<u>4,251,490.76</u>	<u>4,969,124.51</u>	<u>\$ 4,275,515.00</u>	<u>\$ 693,609.51</u>
Expenditures				
Commercial and General:				
Personal Services	188,242.50	192,993.98	179,500.00	13,493.98
Contractual Services	201,446.76	266,975.19	233,527.00	33,448.19
Commodities	14,530.18	16,598.34	18,000.00	(1,401.66)
Capital Outlay	10,321.56	0.00	10,000.00	(10,000.00)
Production:				
Personal Services	422,019.17	407,054.35	447,100.00	(40,045.65)
Contractual Services	2,108,991.60	2,532,177.89	2,494,470.00	37,707.89
Commodities	130,171.91	76,142.28	174,750.00	(98,607.72)
Capital Outlay	40.00	5,389.96	20,000.00	(14,610.04)
Transmission and Distribution:				
Personal Services	332,241.70	334,188.85	325,000.00	9,188.85
Contractual Services	34,952.21	65,162.52	115,000.00	(49,837.48)
Commodities	126,816.48	125,908.92	111,700.00	14,208.92
Capital Outlay	75,908.53	26,288.46	106,500.00	(80,211.54)
Non Operating:				
Meter Deposits	32,085.65	12,263.86	14,000.00	(1,736.14)
Operating Transfers:				
To General	400,000.00	400,000.00	400,000.00	0.00
To Bond & Interest	96,187.00	200,000.00	200,000.00	0.00
To Electric Reserve	359,606.00	217,400.00	217,400.00	0.00
Total Expenditures	<u>4,533,561.25</u>	<u>4,878,544.60</u>	<u>\$ 5,066,947.00</u>	<u>\$ (188,402.40)</u>
Receipts Over (Under) Expenditures	(282,070.49)	90,579.91		
Unencumbered Cash, Beginning	1,094,319.59	812,249.10		
Prior Year Cancelled Encumbrances	0.00	1,801.99		
Unencumbered Cash, Ending	<u>\$ 812,249.10</u>	<u>\$ 904,631.00</u>		

See Independent Auditor's Report.

CITY OF LARNED, KANSAS
 BUSINESS FUNDS
 ELECTRIC RESERVE FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2014
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Federal Aid	\$ 83,742.00	\$ 0.00
Reimbursements	175.00	0.00
Interest on Idle Funds	5,673.00	975.34
Administrative	112.58	0.00
Operating Transfers:		
From Electric	<u>359,606.00</u>	<u>217,400.00</u>
Total Receipts	<u>449,308.58</u>	<u>218,375.34</u>
Expenditures		
Contractual Services	<u>1,732,198.15</u>	<u>20,213.04</u>
Total Expenditures	<u>1,732,198.15</u>	<u>20,213.04</u>
Receipts Over (Under) Expenditures	(1,282,889.57)	198,162.30
Unencumbered Cash, Beginning	<u>3,465,572.87</u>	<u>2,182,683.30</u>
Unencumbered Cash, Ending	<u>\$ 2,182,683.30</u>	<u>\$ 2,380,845.60</u>

CITY OF LARNED, KANSAS
BUSINESS FUNDS
WATER FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Utility Revenue	\$ 676,682.11	\$ 701,107.19	\$ 749,000.00	\$ (47,892.81)
Sales Tax Collected	9,439.68	9,023.92	9,000.00	23.92
State Water Tax Fee	8,299.86	7,647.86	9,000.00	(1,352.14)
Meter Deposits	4,254.38	4,250.67	3,000.00	1,250.67
Sale of Assets	5,704.94	516.53	500.00	16.53
Reimbursements	11,775.37	2,442.86	9,000.00	(6,557.14)
Interest on Idle Funds	283.64	48.76	300.00	(251.24)
Miscellaneous	18,579.37	16,403.57	16,800.00	(396.43)
Total Receipts	<u>735,019.35</u>	<u>741,441.36</u>	<u>\$ 796,600.00</u>	<u>\$ (55,158.64)</u>
Expenditures				
Commercial and General:				
Personal Services	152,879.87	156,553.14	158,800.00	(2,246.86)
Contractual Services	33,059.08	33,172.15	42,000.00	(8,827.85)
Commodities	4,024.50	4,651.87	14,000.00	(9,348.13)
Capital Outlay	850.00	0.00	10,000.00	(10,000.00)
Production:				
Contractual Services	53,855.91	58,371.61	83,580.00	(25,208.39)
Commodities	5,001.41	5,675.56	18,450.00	(12,774.44)
Capital Outlay	684.84	6,284.73	45,180.00	(38,895.27)
Transmission and Distribution:				
Personal Services	247,308.14	234,124.58	276,000.00	(41,875.42)
Contractual Services	27,171.60	25,417.44	18,500.00	6,917.44
Commodities	66,478.28	73,706.81	55,000.00	18,706.81
Capital Outlay	2,368.46	29,026.39	105,000.00	(75,973.61)
Non Operating:				
Meter Deposits	4,578.94	3,297.14	0.00	3,297.14
Operating Transfers:				
To General	20,000.00	20,000.00	20,000.00	0.00
To Bond & Interest	14,088.00	75,000.00	75,000.00	0.00
To Water Reserve	174,600.00	140,433.00	112,404.00	28,029.00
Total Expenditures	<u>806,949.03</u>	<u>865,714.42</u>	<u>\$ 1,033,914.00</u>	<u>\$ (168,199.58)</u>
Receipts Over (Under) Expenditures	(71,929.68)	(124,273.06)		
Unencumbered Cash, Beginning	363,536.04	291,606.36		
Prior Year Cancelled Encumbrances	0.00	1,512.49		
Unencumbered Cash, Ending	<u>\$ 291,606.36</u>	<u>\$ 168,845.79</u>		

See Independent Auditor's Report.

CITY OF LARNED, KANSAS
 BUSINESS FUNDS
 WATER RESERVE FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Loan Proceeds	\$ 390,027.00	\$ 0.00
Operating Transfers:		
From Water	<u>174,600.00</u>	<u>140,433.00</u>
Total Receipts	<u>564,627.00</u>	<u>140,433.00</u>
Expenditures		
Contractual Services	0.00	9,215.80
Capital Outlay	85,197.10	199,144.62
Loan Principal	9,271.04	15,528.48
Loan Interest	2,622.12	7,822.00
Loan Fees	<u>443.36</u>	<u>1,322.56</u>
Total Expenditures	<u>97,533.62</u>	<u>233,033.46</u>
Receipts Over (Under) Expenditures	467,093.38	(92,600.46)
Unencumbered Cash, Beginning	<u>(135,474.19)</u>	<u>331,619.19</u>
Unencumbered Cash, Ending	<u>\$ 331,619.19</u>	<u>\$ 239,018.73</u>

CITY OF LARNED, KANSAS
BUSINESS FUNDS
SEWER FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Utility Revenue	\$ 575,911.38	\$ 778,196.27	\$ 815,000.00	\$ (36,803.73)
LSH Charges	75,642.50	125,855.20	74,000.00	51,855.20
Reimbursements	193.24	0.00	0.00	0.00
Interest on Idle Funds	709.14	121.92	500.00	(378.08)
Total Receipts	<u>652,456.26</u>	<u>904,173.39</u>	<u>\$ 889,500.00</u>	<u>\$ 14,673.39</u>
Expenditures				
Personal Services	160,615.45	159,335.27	162,750.00	(3,414.73)
Contractual Services	179,839.32	181,163.84	153,000.00	28,163.84
Commodities	17,274.04	164,944.15	66,000.00	98,944.15
Capital Outlay	8,860.00	36,539.84	31,000.00	5,539.84
Operating Transfers:				
To General	20,000.00	0.00	25,000.00	(25,000.00)
To Sewer Reserve	<u>207,450.00</u>	<u>375,000.00</u>	<u>500,000.00</u>	<u>(125,000.00)</u>
Total Expenditures	<u>594,038.81</u>	<u>916,983.10</u>	<u>\$ 937,750.00</u>	<u>\$ (20,766.90)</u>
Receipts Over (Under) Expenditures	58,417.45	(12,809.71)		
Unencumbered Cash, Beginning	<u>51,544.43</u>	<u>109,961.88</u>		
Unencumbered Cash, Ending	<u>\$ 109,961.88</u>	<u>\$ 97,152.17</u>		

CITY OF LARNED, KANSAS
 BUSINESS FUNDS
 SEWER RESERVE FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Reimbursements	\$ 129,803.50	\$ 129,620.00
Interest on Idle Funds	709.14	121.92
Operating Transfers:		
From Sewer	<u>207,450.00</u>	<u>375,000.00</u>
Total Receipts	<u>337,962.64</u>	<u>504,741.92</u>
Expenditures		
Loan Principal	284,463.77	292,138.48
Loan Interest	134,343.90	127,385.11
Loan Fees	<u>13,821.39</u>	<u>13,105.47</u>
Total Expenditures	<u>432,629.06</u>	<u>432,629.06</u>
Receipts Over (Under) Expenditures	(94,666.42)	72,112.86
Unencumbered Cash, Beginning	<u>324,197.63</u>	<u>229,531.21</u>
Unencumbered Cash, Ending	<u>\$ 229,531.21</u>	<u>\$ 301,644.07</u>

CITY OF LARNED, KANSAS
BUSINESS FUNDS
SOLID WASTE FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Utility Revenue	\$ 197,560.88	\$ 197,989.67	\$ 215,000.00	\$ (17,010.33)
Recycling Fees	11,543.76	5,739.45	10,500.00	(4,760.55)
Reimbursements	18,154.14	12,201.37	6,000.00	6,201.37
Sale of Assets	130.00	0.00	0.00	0.00
Interest on Idle Funds	141.84	24.39	50.00	(25.61)
Total Receipts	<u>227,530.62</u>	<u>215,954.88</u>	<u>\$ 231,550.00</u>	<u>\$ (15,595.12)</u>
Expenditures				
Personal Services	159,754.59	170,418.28	188,730.00	(18,311.72)
Contractual Services	14,713.93	12,595.31	16,900.00	(4,304.69)
Commodities	38,721.98	31,126.05	35,000.00	(3,873.95)
Capital Outlay	3,149.78	12,040.73	5,500.00	6,540.73
Operating Transfers: To Solid Waste Reserve	<u>5,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>221,340.28</u>	<u>226,180.37</u>	<u>\$ 246,130.00</u>	<u>\$ (19,949.63)</u>
Receipts Over (Under) Expenditures	6,190.34	(10,225.49)		
Unencumbered Cash, Beginning	<u>10,104.43</u>	<u>16,294.77</u>		
Unencumbered Cash, Ending	<u>\$ 16,294.77</u>	<u>\$ 6,069.28</u>		

See Independent Auditor's Report.

CITY OF LARNED, KANSAS
 BUSINESS FUNDS
 SOLID WASTE RESERVE FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis
 For the Year Ended December 31, 2014
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Operating Transfers:		
From Solid Waste	<u>\$ 5,000.00</u>	<u>\$ 0.00</u>
Total Receipts	<u>5,000.00</u>	<u>0.00</u>
Expenditures		
None	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	5,000.00	0.00
Unencumbered Cash, Beginning	<u>0.00</u>	<u>5,000.00</u>
Unencumbered Cash, Ending	<u>\$ 5,000.00</u>	<u>\$ 5,000.00</u>

CITY OF LARNED, KANSAS
 BUSINESS FUNDS
 AIRPORT FACILITY FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2014
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Rents, Royalties	\$ 25,207.69	\$ 21,016.20	\$ 25,000.00	\$ (3,983.80)
Appropriation	9,670.67	13,620.28	10,635.00	2,985.28
Pawnee Co Cost Share	23,886.03	27,240.53	26,000.00	1,240.53
Sales Tax Collected	4,945.50	2,390.07	5,000.00	(2,609.93)
Fuel Reimbursement	61,746.23	33,142.25	60,000.00	(26,857.75)
Reimbursements	1,464.67	484.52	500.00	(15.48)
Administration	5,889.54	0.00	0.00	0.00
Total Receipts	<u>132,810.33</u>	<u>97,893.85</u>	<u>\$ 127,135.00</u>	<u>\$ (29,241.15)</u>
Expenditures				
Personal Services	16,800.00	16,800.00	18,000.00	(1,200.00)
Contractual Services	31,332.52	36,475.17	37,000.00	(524.83)
Commodities	84,873.23	47,648.27	79,000.00	(31,351.73)
Capital Outlay	386.17	324.99	10,000.00	(9,675.01)
Total Expenditures	<u>133,391.92</u>	<u>101,248.43</u>	<u>\$ 144,000.00</u>	<u>\$ (42,751.57)</u>
Receipts Over (Under) Expenditures	(581.59)	(3,354.58)		
Unencumbered Cash, Beginning	<u>24,772.20</u>	<u>24,190.61</u>		
Unencumbered Cash, Ending	<u>\$ 24,190.61</u>	<u>\$ 20,836.03</u>		

CITY OF LARNED, KANSAS
 BUSINESS FUNDS
 AIRPORT FACILITY RESERVE FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2014
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Sale of Assets	\$ 875.00	\$ 0.00
Federal Aid	255,179.00	643,197.00
Reimbursements	<u>90,700.00</u>	<u>27,200.00</u>
Total Receipts	<u>346,754.00</u>	<u>670,397.00</u>
Expenditures		
Contractual Services	95,357.77	748,552.94
Operating Transfers: To Bond & Interest	<u>8,300.00</u>	<u>0.00</u>
Total Expenditures	<u>103,657.77</u>	<u>748,552.94</u>
Receipts Over (Under) Expenditures	243,096.23	(78,155.94)
Unencumbered Cash, Beginning	<u>(239,997.08)</u>	<u>3,099.15</u>
Unencumbered Cash, Ending	<u>\$ 3,099.15</u>	<u>\$ (75,056.79)</u>

CITY OF LARNED, KANSAS
TRUST FUNDS
EDWARDS PARK IMPROVEMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Reimbursements	\$ 5,000.00	\$ 5,000.00
Interest on Idle Funds	<u>70.92</u>	<u>12.20</u>
Total Receipts	<u>5,070.92</u>	<u>5,012.20</u>
Expenditures		
Contractual Services	5,000.00	0.00
Capital Outlay	<u>1,372.18</u>	<u>0.00</u>
Total Expenditures	<u>6,372.18</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	(1,301.26)	5,012.20
Unencumbered Cash, Beginning	<u>6,400.83</u>	<u>5,099.57</u>
Unencumbered Cash, Ending	<u>\$ 5,099.57</u>	<u>\$ 10,111.77</u>

CITY OF LARNED, KANSAS
 TRUST FUNDS
 HOUSING DEVELOPMENT FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis
 For the Year Ended December 31, 2014
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Interest on Idle Funds	\$ 35.45	\$ 6.10
Total Receipts	<u>35.45</u>	<u>6.10</u>
Expenditures		
None	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	35.45	6.10
Unencumbered Cash, Beginning	<u>28,185.70</u>	<u>28,221.15</u>
Unencumbered Cash, Ending	<u>\$ 28,221.15</u>	<u>\$ 28,227.25</u>

CITY OF LARNED, KANSAS
 TRUST FUNDS
 EMT MEMORIAL FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis
 For the Year Ended December 31, 2014
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Donations	\$ 565.00	\$ 2,875.00
Interest on Idle Funds	<u>35.45</u>	<u>6.10</u>
Total Receipts	<u>600.45</u>	<u>2,881.10</u>
Expenditures		
Capital Outlay	<u>0.00</u>	<u>2,799.96</u>
Total Expenditures	<u>0.00</u>	<u>2,799.96</u>
Receipts Over (Under) Expenditures	600.45	81.14
Unencumbered Cash, Beginning	<u>7,983.15</u>	<u>8,583.60</u>
Unencumbered Cash, Ending	<u>\$ 8,583.60</u>	<u>\$ 8,664.74</u>

CITY OF LARNED, KANSAS
TRUST FUNDS
SCHNACK CEMETERY FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Interest on Idle Funds	\$ 35.45	\$ 126.10
Total Receipts	<u>35.45</u>	<u>126.10</u>
Expenditures		
None	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	35.45	126.10
Unencumbered Cash, Beginning	<u>30,190.22</u>	<u>30,225.67</u>
Unencumbered Cash, Ending	<u>\$ 30,225.67</u>	<u>\$ 30,351.77</u>

CITY OF LARNED, KANSAS
TRUST FUNDS
LARNED VOLUNTEER FIRE DEPARTMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	2013	2014
Receipts		
Donations	\$ 0.00	\$ 3,157.00
Interest on Idle Funds	35.45	6.10
	<u>35.45</u>	<u>3,163.10</u>
Total Receipts	<u>35.45</u>	<u>3,163.10</u>
Expenditures		
Commodities	4,628.00	1,240.20
	<u>4,628.00</u>	<u>1,240.20</u>
Total Expenditures	<u>4,628.00</u>	<u>1,240.20</u>
Receipts Over (Under) Expenditures	(4,592.55)	1,922.90
Unencumbered Cash, Beginning	<u>9,355.22</u>	<u>4,762.67</u>
Unencumbered Cash, Ending	<u>\$ 4,762.67</u>	<u>\$ 6,685.57</u>

CITY OF LARNED, KANSAS
 TRUST FUNDS
 PROJECTS IMPROVEMENT FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis
 For the Year Ended December 31, 2014
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Donations	\$ 174.55	\$ 98.37
Total Receipts	<u>174.55</u>	<u>98.37</u>
Expenditures		
Contractual Services	<u>303.62</u>	<u>0.00</u>
Total Expenditures	<u>303.62</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	(129.07)	98.37
Unencumbered Cash, Beginning	<u>2,836.73</u>	<u>2,707.66</u>
Unencumbered Cash, Ending	<u>\$ 2,707.66</u>	<u>\$ 2,806.03</u>

CITY OF LARNED, KANSAS
TRUST FUNDS
EGGLESTON BEQUEST FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Interest on Idle Funds	\$ 155.45	\$ 6.10
Total Receipts	<u>155.45</u>	<u>6.10</u>
Expenditures		
Commodities	1,000.00	1,000.00
Pool Passes	<u>2,000.00</u>	<u>0.00</u>
Total Expenditures	<u>3,000.00</u>	<u>1,000.00</u>
Receipts Over (Under) Expenditures	(2,844.55)	(993.90)
Unencumbered Cash, Beginning	<u>31,614.04</u>	<u>28,769.49</u>
Unencumbered Cash, Ending	<u>\$ 28,769.49</u>	<u>\$ 27,775.59</u>

CITY OF LARNED, KANSAS
TRUST FUNDS
SCHNACK TRUST FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
None	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Total Receipts	<u>0.00</u>	<u>0.00</u>
Expenditures		
None	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	<u>25,000.00</u>	<u>25,000.00</u>
Unencumbered Cash, Ending	<u>\$ 25,000.00</u>	<u>\$ 25,000.00</u>

CITY OF LARNED, KANSAS
 TRUST FUNDS
 INSURANCE PROCEED FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis
 For the Year Ended December 31, 2014
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Interest on Idle Funds	\$ 35.44	\$ 6.10
Total Receipts	<u>35.44</u>	<u>6.10</u>
Expenditures		
None	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	35.44	6.10
Unencumbered Cash, Beginning	<u>8.65</u>	<u>44.09</u>
Unencumbered Cash, Ending	<u>\$ 44.09</u>	<u>\$ 50.19</u>

CITY OF LARNED, KANSAS
TRUST FUNDS
JORDAAN PARK FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Donations	\$ 0.00	\$ 59,019.37
Interest on Idle Funds	<u>35.45</u>	<u>6.10</u>
Total Receipts	<u>35.45</u>	<u>59,025.47</u>
Expenditures		
Contractual Services	901.09	1,447.53
Capital Outlay	<u>0.00</u>	<u>80,780.00</u>
Total Expenditures	<u>901.09</u>	<u>82,227.53</u>
Receipts Over (Under) Expenditures	(865.64)	(23,202.06)
Unencumbered Cash, Beginning	<u>61,766.98</u>	<u>60,901.34</u>
Unencumbered Cash, Ending	<u>\$ 60,901.34</u>	<u>\$ 37,699.28</u>

CITY OF LARNED, KANSAS
TRUST FUNDS
CITY LOAN PROGRAM FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
CLP Payments	\$ 5,413.56	\$ 5,413.56
Total Receipts	<u>5,413.56</u>	<u>5,413.56</u>
Expenditures		
Contractual Services	<u>7,218.13</u>	<u>2,255.65</u>
Total Expenditures	<u>7,218.13</u>	<u>2,255.65</u>
Receipts Over (Under) Expenditures	(1,804.57)	3,157.91
Unencumbered Cash, Beginning	<u>2,761.78</u>	<u>957.21</u>
Unencumbered Cash, Ending	<u>\$ 957.21</u>	<u>\$ 4,115.12</u>

CITY OF LARNED, KANSAS
TRUST FUNDS
PRIDE COMMITTEE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	<u>2013</u>	<u>2014</u>
Receipts		
Administrative	\$ 0.00	\$ 1,000.00
Total Receipts	<u>0.00</u>	<u>1,000.00</u>
Expenditures		
Contractual Services	<u>0.00</u>	<u>1,000.00</u>
Total Expenditures	<u>0.00</u>	<u>1,000.00</u>
Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	<u>0.00</u>	<u>0.00</u>
Unencumbered Cash, Ending	<u>\$ 0.00</u>	<u>\$ 0.00</u>

CITY OF LARNED
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014

Federal Grantor/Pass-Through Grantor Program Title	Agency or Pass-Through Number	Federal CFDA Number
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Passed Through State Department of Administration:		
Cooperative Forestry Assistance	(2014)	10.664
Total Cooperative Forestry Assistance		
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>		
<u>FEDERAL AVIATION ADMINISTRATION</u>		
Direct Programs:		
Airport Improvement Program	3-20-0046-014-2015	20.106
Total Airport Improvement Program		
TOTAL FEDERAL GRANTS		

See Independent Auditor's Report.

<u>Program or Award Amount</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>
\$ 3,075.00	\$ 0.00	\$ 0.00	\$ 3,075.00	\$ 3,075.00	\$ 0.00
	<u>0.00</u>	<u>0.00</u>	<u>3,075.00</u>	<u>3,075.00</u>	<u>0.00</u>
747,611.00	<u>0.00</u>	<u>0.00</u>	<u>643,197.00</u>	<u>676,812.00</u>	<u>(33,615.00)</u>
	<u>0.00</u>	<u>0.00</u>	<u>643,197.00</u>	<u>676,812.00</u>	<u>(33,615.00)</u>
	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 646,272.00</u>	<u>\$ 679,887.00</u>	<u>\$ (33,615.00)</u>

See Independent Auditor's Report.

CITY OF LARNED, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2014

NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of City of Larned under programs of the federal government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a select portion of the operations of City of Larned, it is not intended to and does not present the financial position, changes in net assets of cash flows of City of Larned.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the regulatory basis of accounting as described in the *Kansas Municipal Audit and Accounting Guide* (KMAAG). The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligations against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt assignment to a fund, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than mentioned above. Expenditures as reported on the Schedule are recognized under the basis described above and follow the cost principles contained in OMB Circular regarding *Cost Principles* wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE C. SUBRECIPIENTS

City of Larned did not provide federal awards to subrecipients for the year ended December 31, 2014.

SPECIAL REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

City Council
City of Larned, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in government Auditing Standards issued by the Comptroller General of the United States, the financial statement of City of Larned, Kansas as of and for the year ended December 31, 2014, and the related notes to the financial statements, which comprise City of Larned's regulatory basis financial statements, and have issued our report thereon dated July 31, 2015. City of Larned prepares its financial statements on a regulatory basis of accounting which demonstrates compliance with *Kansas Municipal Audit and Accounting Guide* which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Larned's internal control over financial reporting (internal controls) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of City of Larned's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Larned's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatements of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose describe in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Larned's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Agler & Gaeddert, Chartered

Ottawa, Kansas
July 31, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City Council
City of Larned, Kansas

Report on Compliance for Each Major Federal Program

We have audited City of Larned's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Larned's major federal programs for the year ended December 31, 2014. City of Larned's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Larned's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Larned's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on City of Larned's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Larned complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report Internal Control over Compliance

Management of City of Larned is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Larned's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Larned's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based upon requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

Opfer & Goedert, Chartered

Ottawa, Kansas
July 31, 2015

CITY OF LARNED, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2014

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weaknesses: None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weaknesses: No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? No

Identification of major programs:

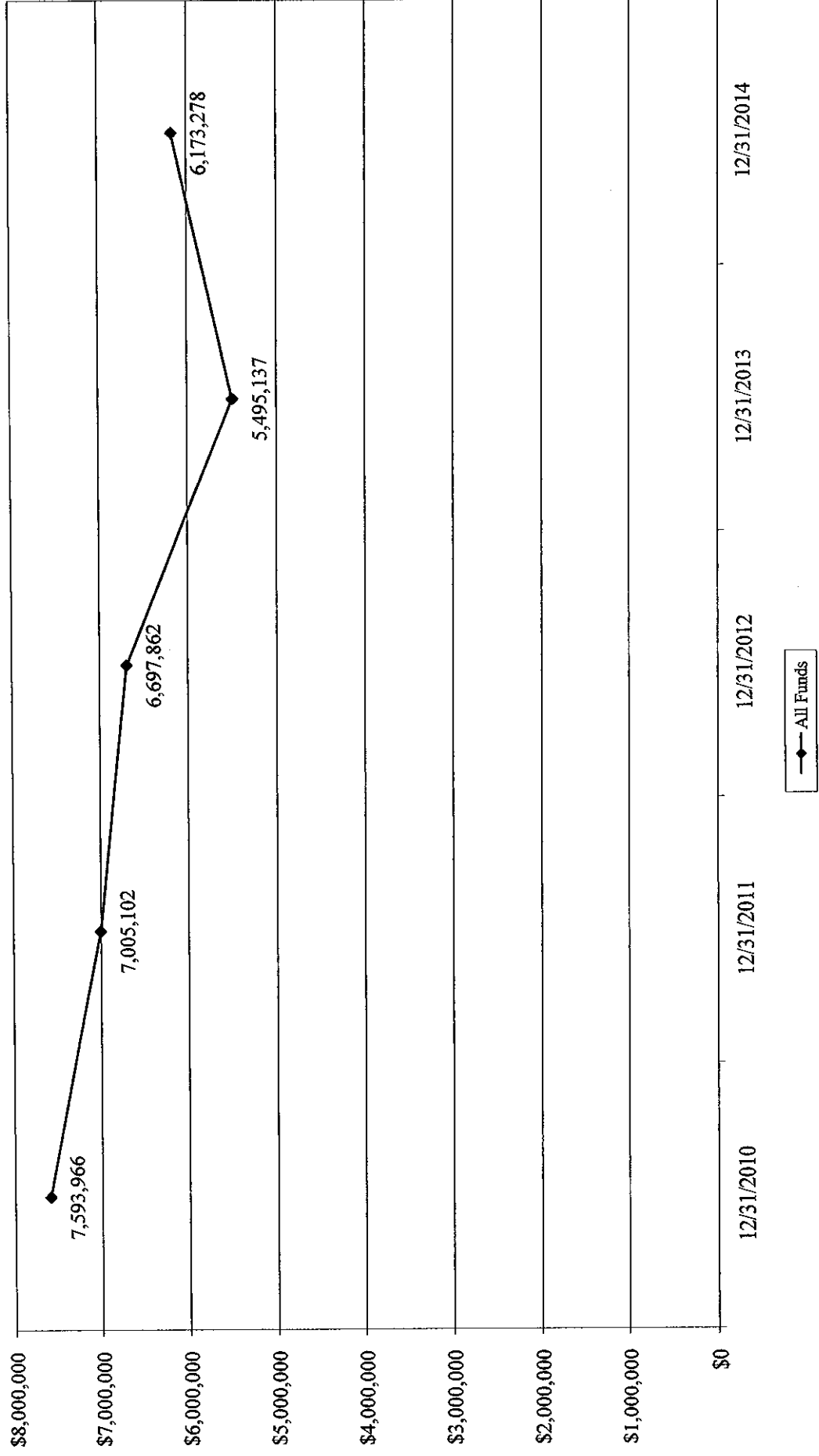
<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
20.106	Airport Improvement Program	\$ 676,812.00

Dollar threshold used to distinguish between Type A and Type B programs \$ 300,000

Auditee qualified as a low-risk auditee? No

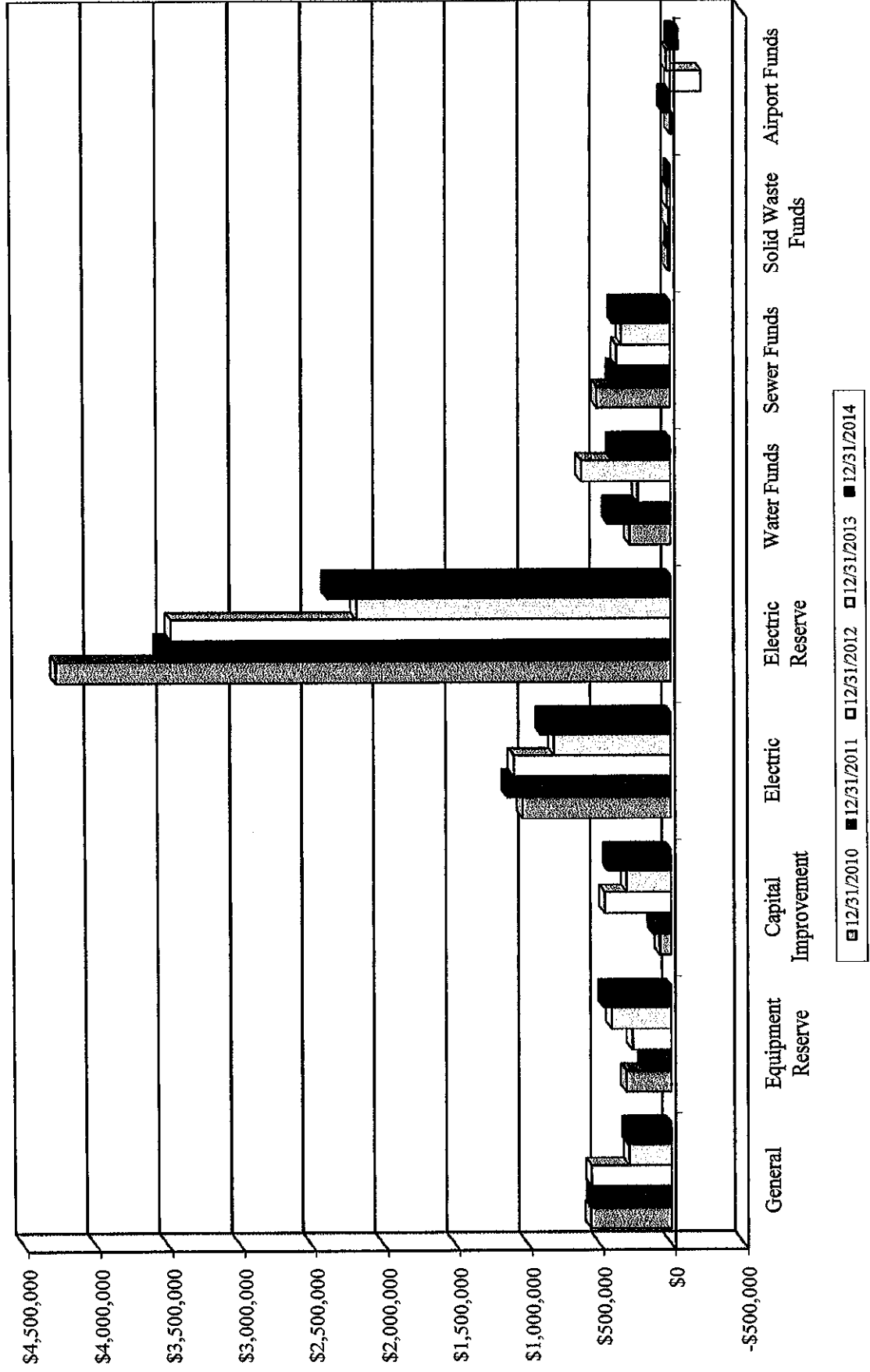
SUPPLEMENTARY INFORMATION

CITY OF LARNED, KANSAS
Unencumbered Cash Balance - All Funds

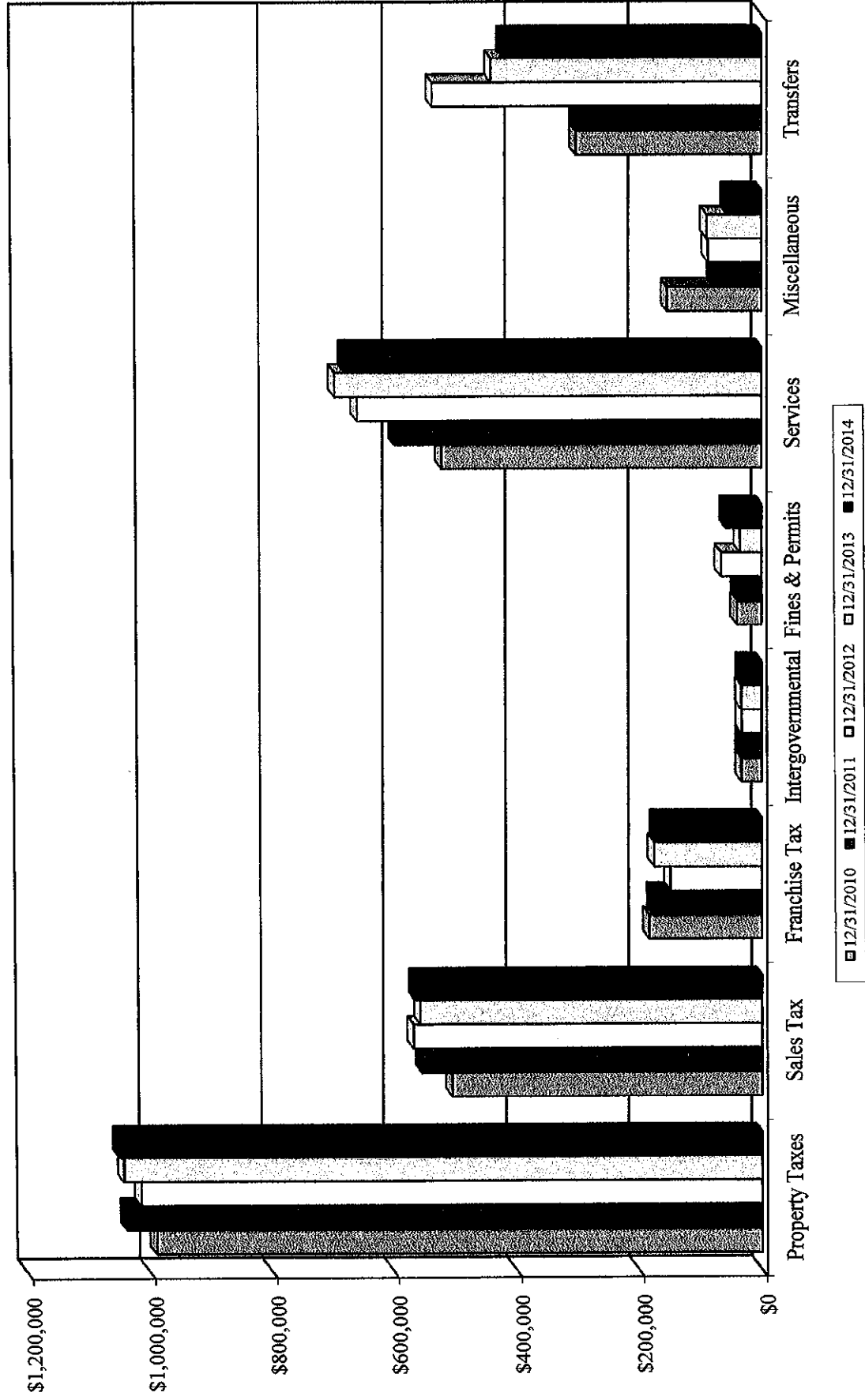


CITY OF LARNED, KANSAS

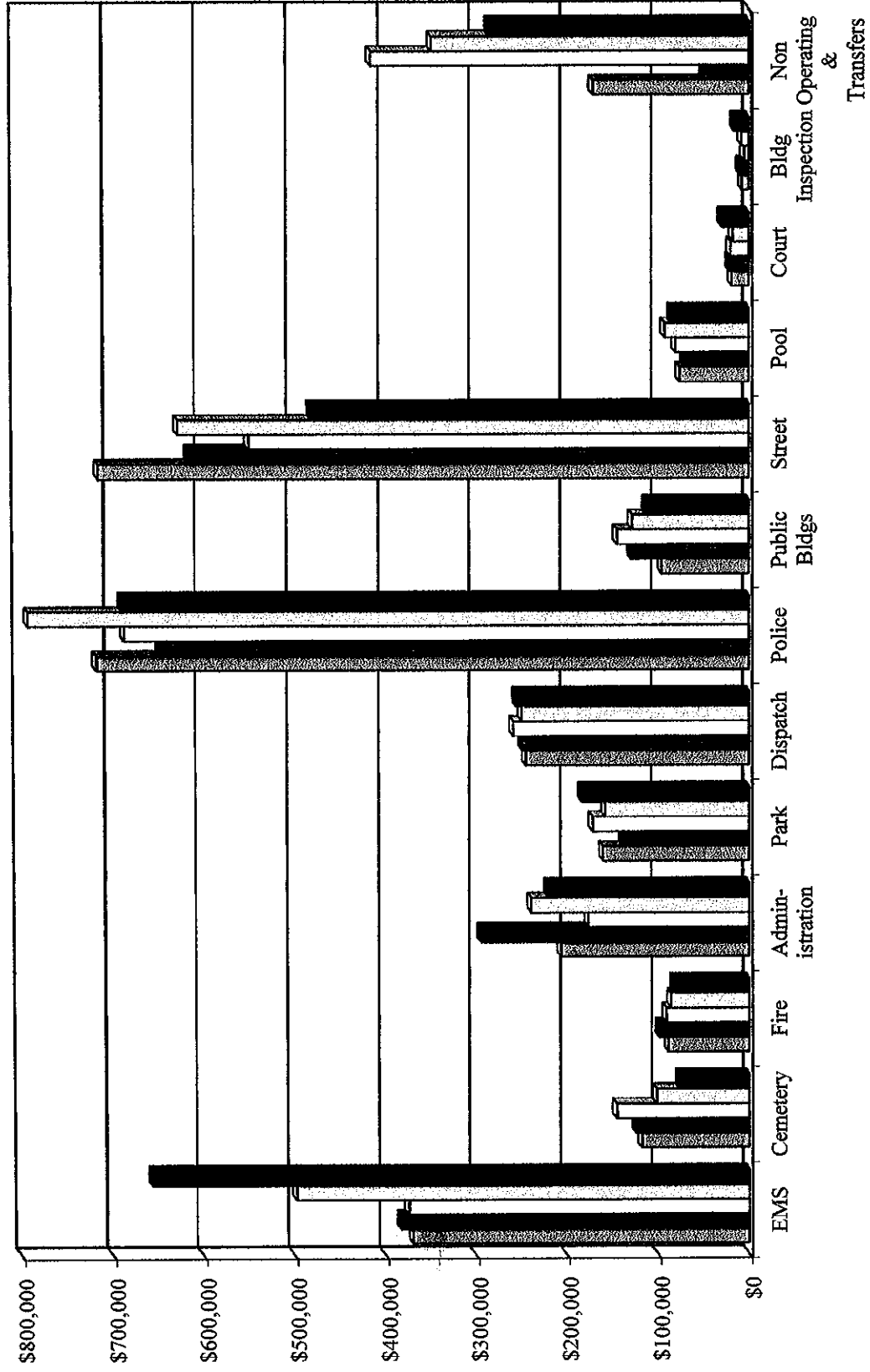
Unencumbered Cash Balances - Selected Funds



CITY OF LARNED, KANSAS **General Fund Receipts**

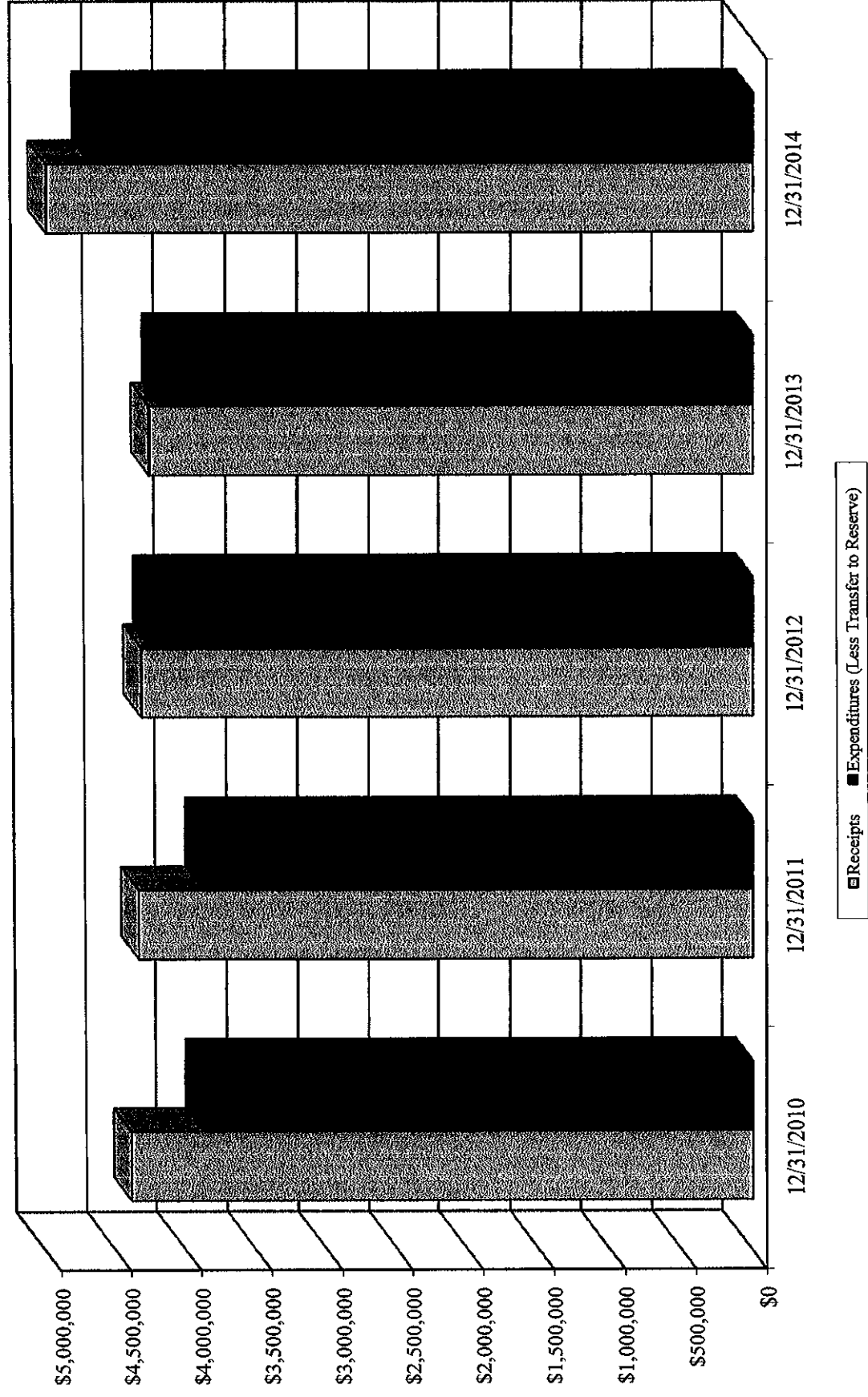


CITY OF LARNED, KANSAS **General Fund Expenditures**

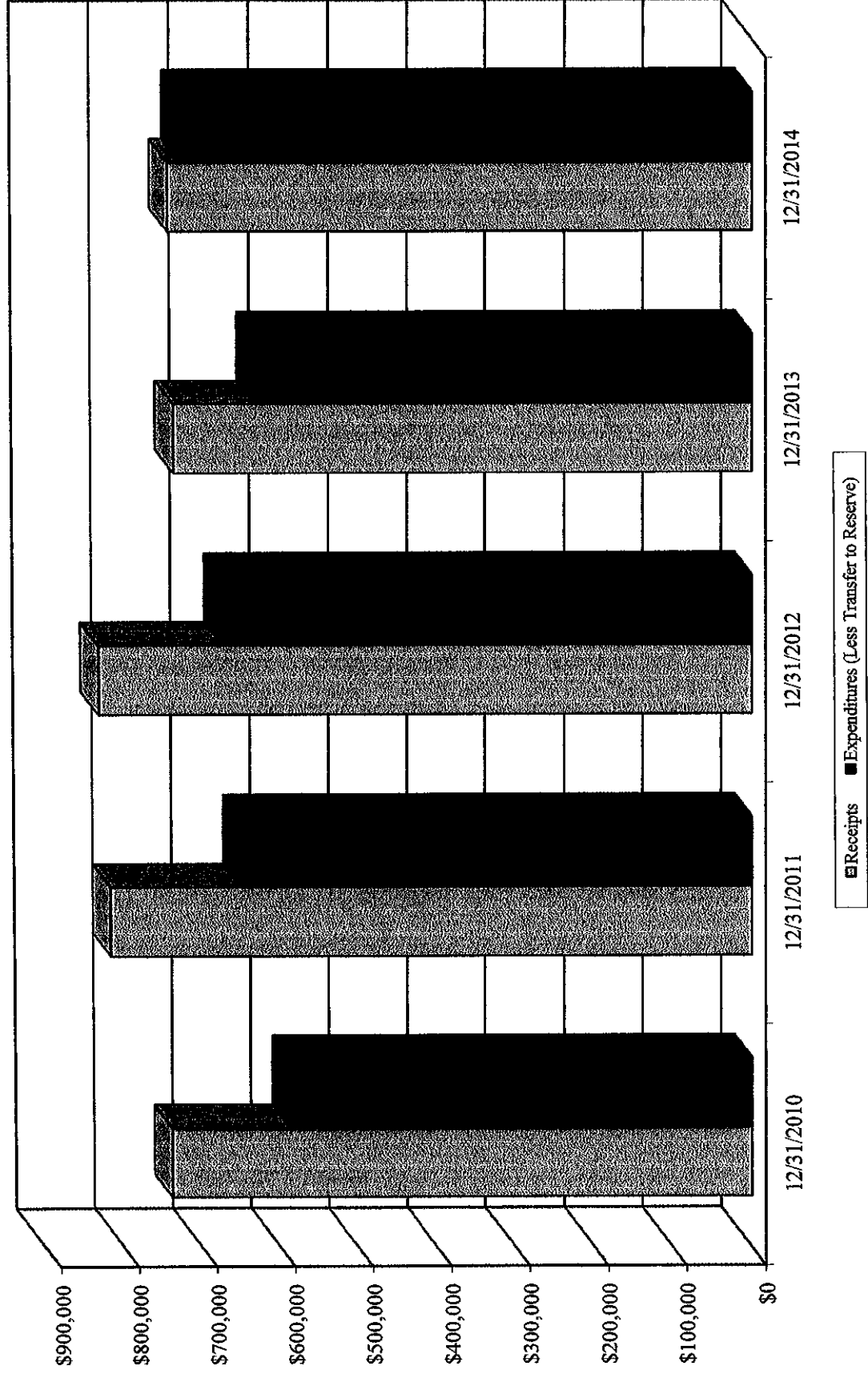


12/31/2010 12/31/2011 12/31/2012 12/31/2013 12/31/2014

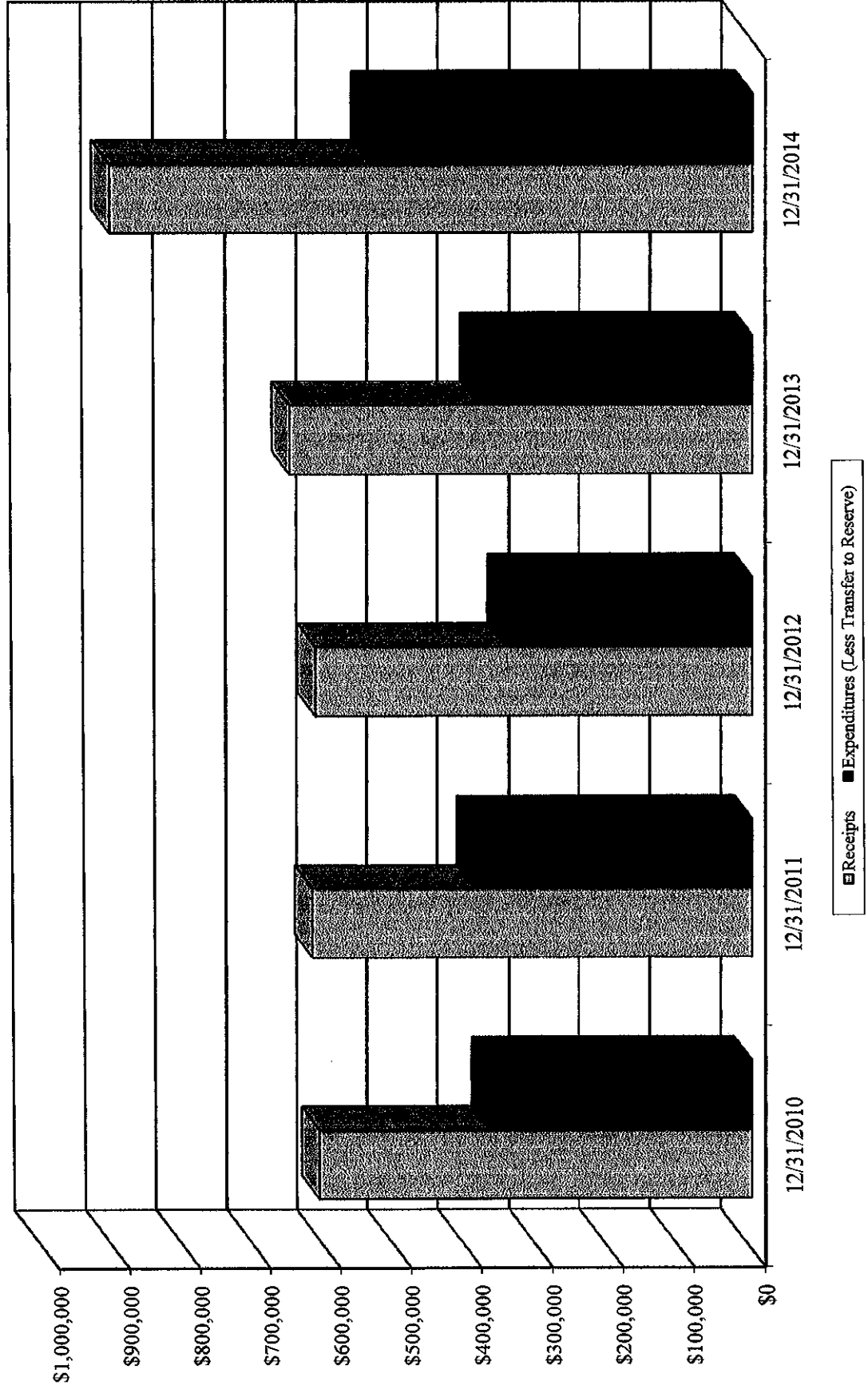
CITY OF LARNED, KANSAS
Electric Fund
Receipts vs Expenditures



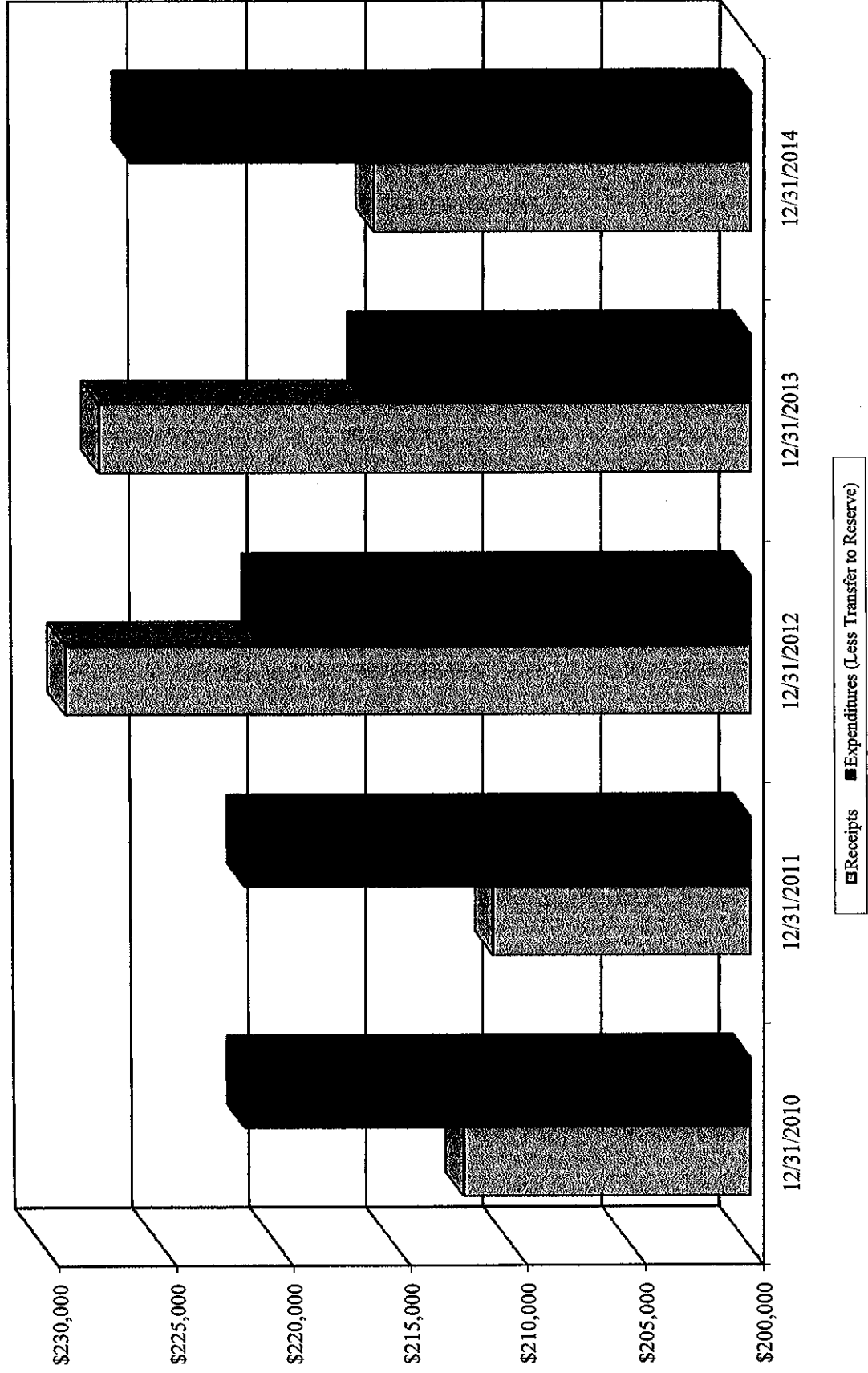
CITY OF LARNED, KANSAS **Water Fund** **Receipts vs Expenditures**



CITY OF LARNED, KANSAS
Sewer Fund
Receipts vs Expenditures

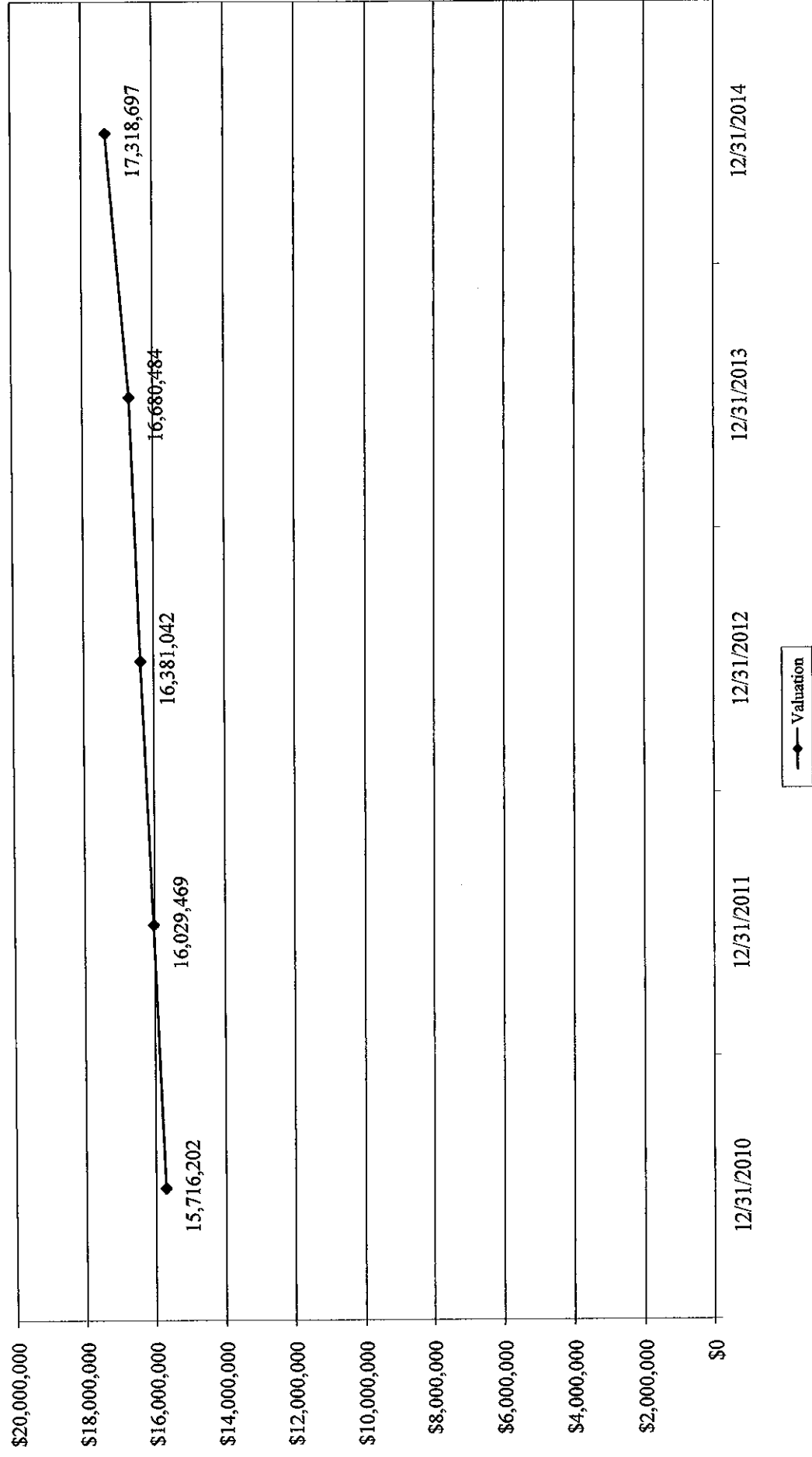


CITY OF LARNED, KANSAS
Solid Waste Fund
Receipts vs Expenditures



CITY OF LARNED, KANSAS

Valuation



CITY OF LARNED, KANSAS

Mill Rate

